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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

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Date: September 28, 2021

To: Transit Agencies Receiving State Operating Assistance

From: Sandy Lovell, Accountant
Program Administration Section
Office of Passenger Transportation

Subject: Reconciliation of FY 2021 State Operating Assistance

This message is to provide guidance for submitting the FY 2021 regular service fourth quarter and reconciled Operating Assistance Reports (OAR) which are due Monday, **November 9, 2021**. All OARs require submission via the Public Transportation Management System (PTMS). Please submit the OAR's with only regular service revenues, expenses, and non-financial data. The reconciled OAR should be for the period beginning October 1, 2020 and ending September 30, 2021.

Please take the time to review all of the data carefully. It is imperative that both reports are submitted on time. The Office of Passenger Transportation will withhold state formula funds for noncompliance with these reporting requirements.

Reconciled OAR Background: There was a total of \$196,750,000 appropriated from the Comprehensive Transportation Fund (CTF) for the Local Bus Operating (LBO) line item. The preliminary reconciliation of State Operating Assistance/LBO is computed from the eligible expenses reported on the reconciled OAR. This reconciliation process will adjust the dollar amounts already paid to each transit agency.

The Floor: A transit agency must receive, as a minimum, the amount of state formula funds received in FY 1997, but not more than the statutory cap of 50/60 percent. Per Act 51 as amended: The ratio between CTF and local funds in the fiscal year ending September 30, 1989, shall be maintained for all fiscal years by the eligible authority and eligible governmental agency. Reductions in this ratio shall require a proportionate reduction in the CTF provided for any fiscal year.

Completing the OAR: The Local Public Transit Revenue and Expense Manual (R & E Manual) effective for FY 2021 (October 1, 2020 through September 30, 2021) must be used to properly classify revenues, expenses and nonfinancial data.

The web address for a copy of the manual is:

[FY 2021 Michigan Local Public Transit Revenue and Expense Manual](#)

State Operating Assistance (Code 41101): Report the State Operating Assistance revenue earned by multiplying the budget percentages of 31.6001 percent for urbanized areas over 100,000 population, and 37.5350 percent for the nonurbanized areas and urbanized areas under 100,000 population times Total Eligible Expenses reported on the reconciled OAR.

Section 5311 (Code 41301) and CARES Act (Code 41361): Please work with your Project Manager for the amounts to report in these two codes. The revenue reported in these two codes does not need to be subtracted out as ineligible.

CARES Act Lost Revenue Replacement/Rural CARES Flex (Code 41360): For Urban agencies, report the lost revenue replacement received directly from FTA. For Rural agencies, report the CARES flex revenue received from OPT. The revenue reported in this code does not need to be subtracted out as ineligible.

The combination of code 41101 State Operating Assistance plus code 41301 Section 5311 or code 41302 Section 5307 Operating plus code 41361 CARES Act (not including the Urban 41360 CARES Act Lost Revenue Replacement) cannot exceed 100% of eligible operating expenses. If 100% reimbursement is exceeded, for the Section 5311 recipients MDOT will adjust the CARES Act (code 41361) funds received accordingly. Section 5307 recipients must reduce their CARES Act funds individually. We recommend that the final ECHO draw for Section 5307 funds be made after the reconciled re-distribution of LBO.

Capital Contracts: Operating expenses paid with a capital contract cannot be reimbursed a second time with state formula funds. Operating expenses paid by a capital contract must be reported in the appropriate revenue and expense codes and backed out as ineligible. Please note the corresponding capital contract number in the comment field next to the revenue code.

Rural Transit Assistance Program (RTAP): Provides funds to assist in training, technical assistance, research, and other services for nonurbanized TAs. Report ALL expenses to be reimbursed for the year even if not yet received and report the same as ineligible in code 57402 Ineligible RTAP.

Membership in Transportation Organizations: Record the fees for membership in transportation organizations under 50903 Association Dues and Subscriptions. If the transportation organization incurs lobbying expenses, a percentage of the dues paid to the organization is not eligible and should be backed out under 55009 Ineligible Percent of Association Dues. The percentage of association dues ineligible for reimbursement under the state formula program and the Section 5311 Operating Assistance program is as follows:

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APTA	10.00%
MassTrans	31.18%
MPTA	16.75%

Non-financial Data: All of the non-financial data fields are equally important and must be filled in for the OAR to be considered complete. Do not include any nonfinancial data that relates to other operating programs. Only report regular service data; applying the cost allocation plan (CAP) if necessary.

If you have any questions, please contact your project manager or Sandy Lovell at Lovells@michigan.gov.